

## SMEs can now remit up to \$3,000 annually: BB

STAR BUSINESS REPORT

Bangladesh Bank (BB) has permitted small and medium enterprises (SMEs) to remit up to \$3,000 annually for bona fide current expenses abroad, in a move aimed at supporting the sector's growing role in the economy.

The central bank said the facility may be used through traditional banking channels or refillable international cards to be issued by authorised dealer (AD) banks.

Each SME must be registered with the SME Foundation to qualify, according to a BB circular.

Under the new rules, ADs may issue "SME Cards" with a ceiling of \$600 per refill to nominated officials of enterprises.

The combined total of card refills and banking-channel remittances cannot exceed the \$3,000 annual limit.

The circular clarified that outward remittances for royalty, technical know-how, assistance fees, and franchise payments remain subject to Bangladesh Investment Development Authority (Bida) guidelines and are excluded from this facility.

Transactions must be routed through a single nominated AD branch, with any change requiring a written application and direct file transfer.

ADs are also required to conduct due diligence, including tax deductions, compliance with KYC and AML/CFT standards, and routine reporting to the central bank.

## Auditor finds Tk 1,373cr

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every financial institution must maintain a minimum paid up capital, money directly invested by shareholders, of Tk 100 crore.

Moreover, the combined total of paid-up capital and reserves must meet a minimum requirement based on the company's risk-weighted assets, which measure exposure to potential financial losses.

Uttara Finance currently faces a capital shortfall of Tk 712 crore.

The auditor also raised an emphasis of matter, noting that it needed access to data from the company's core financial software for verification.

"During the course of our audit, we observed that the company maintains its

books of accounts in Telis ledger balance, which is not in a systematic and verifiable manner within its software system," the report said.

It added that the company's records and balances were compiled using available information, bank statements, manual calculations and schedules, rather than complete digital records.

Md Ataur Rouf, company secretary of Uttara Finance, said the new board is "trying to recover all the funds that were provided in an unauthorised way".

He added that the board is alert and working under the central bank's supervision.

The company's

financial

reports were delayed for years after the Bangladesh Bank detected anomalies when Uttara Finance sought to issue cash dividends based on its misstated 2019 accounts. That report was later restated, and the corrected 2020 report has since been submitted, Rouf said.

Auditors are now working on the 2021 accounts. "Soon all the financial reports will be finalised, so investors will get a clear picture of the company," he added.

Shares of Uttara Finance fell 1.5 percent to Tk 13 on the DSE yesterday.

Earlier in December 2020, the central bank detected major financial irregularities during a special inspection. As

part of follow-up action, it appointed Rahman Rahman Huq (KPMG) in May 2021 to conduct an independent audit.

KPMG later reported "massive financial engineering" at Uttara Finance, finding that published figures differed widely from actual accounts in nearly all areas, such as assets, liabilities, income and expenses.

The report alleged that these discrepancies were the result of collusion between the former board and management.

Following the report, the Bangladesh Bank removed the sponsor directors and appointed a new board in 2022.

As premium

## Regulator proposes

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crore, from 92 percent to 81 percent; and for over Tk 500 crore, from 91 percent to 76 percent.

Renewal costs across all tenures will also be reduced from 15 percent to 10 percent.

In the non-life segment, which covers areas such as fire, marine and general insurance, management cost limits will also be reduced.

For example, for the first Tk 15 crore in premiums, fire and general insurers will now be allowed to spend 25 percent instead of 35 percent. For marine insurance, the cap will fall from 26 percent to 16 percent.

As premium income rises, the limits become even tighter. For premiums over Tk 120 crore, the cap will drop from 22 percent to 12 percent for fire and general insurance, and from 16 percent to 6 percent for marine insurance.

"Many insurers are

unable to operate within the existing limits due to inefficient management and high marketing expenses," he said.

"Drastically lowering the slabs further would be detrimental," he said. "We believe the regulator should first ensure all companies follow the current limits before considering any reductions."

Syed Sehab Ullah Al-

Manjur, chief executive officer of Pragati Insurance Limited, called the new limits "highly unrealistic" given rising operational costs, inflation and the broader economic slowdown.

He said, "The percentage

of management expenses in our insurance sector remains comparatively low when measured against neighbouring and other international markets. The proposed limits are not practically feasible."

Md Khaled Mamun, chief executive officer of Reliance Insurance, said the 10 percent cut in management expenses could hit smaller insurers particularly hard.

According to Azim, nearly 20 life insurance

existing limits before introducing stricter ones. "Only once all companies are operating within the existing framework should further reductions be considered," he said.

Adeeb Rahman, first vice-president of the Bangladesh Insurance Association and sponsor director of Delta Life Insurance, said the draft proposal has both "strengths and challenges".

She said moderating the first-year slab and adjusting commissions for renewals were positive steps, but added that other areas have become "too restrictive".

Rahman said the association would soon submit its feedback to the regulator to help reach a balanced solution.

R E G U L A T O R ' S

DEFENCE

Idra spokesperson

Saifunahar Sumi said excessive management expenses are a key reason for delayed claim settlements, particularly among life insurers.

"These measures are intended to protect the interests of policyholders and shareholders, promote good governance, and restore public confidence in the sector," she said.

She added that high policy lapse rates were another major concern.

"Currently, around 75 percent of policies lapse by the third year," she said.

**'NECESSARY, BUT NOT SUFFICIENT'**

Hasan Sheykh, professor of banking and insurance at Dhaka University, said the concerns about visible spending and delayed payments reflect deep-rooted structural issues.

"When insurers allocate large sums to grand projects or visible assets while failing to honour claims, public trust erodes," she said.

The professor said reducing management expenses is necessary but not sufficient.

## Kazi Farms

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Mitsubishi is also involved in other global retail chains such as Lawson and Uniqlo.

The corporation operates over 17,000 Lawson stores in Japan and Indonesia.

"We were introduced to Alfamart by Mitsubishi two years ago. We visited Alfamart in Indonesia and were impressed by the professionalism of their organisation," Hasan said.

He added that Alfamart's sophisticated

IT system, which helps manage store-level inventory with high precision and optimised sales, was a major factor behind the decision to launch the joint venture.

Their system allows them to know exactly which product is selling well in each shop and to maximise sales with minimum inventory," he explained.

According to the group, the first phase of the project will involve a foreign investment of \$50 million. There are

plans to bring in another \$70 million in the second phase.

This investment is expected to bring the latest retail technologies to Bangladesh, along with a new distribution channel for fast-moving consumer goods (FMCG) produced locally.

Industry insiders say the venture will help create thousands of new jobs and offer a platform for Bangladeshi manufacturers to reach consumers more efficiently.

Despite the onset of the festive season, including Durga Puja, and the upcoming winter months — traditionally a peak time for jewellery sales — traders report a sharp fall in customer demand.

## Gold price

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almost every week. In September alone, the price of 22-carat gold jumped by over Tk 16,000 per bhorti.

Industry insiders attribute the surge mainly to the international bullion market, the devaluation of the taka, economic uncertainty, and high inflation.

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## Stocks snap three-day rally

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The main index of the Dhaka Stock Exchange (DSE) slipped yesterday, breaking a three-day winning streak as losses in large cap sectors weighed on the market.

The DSEX, the benchmark index of the bourse, dropped 23.99 points, or 0.44 percent, to close at 5,423.64, according to DSE data.

Since its implementation, we have already reduced expense rates gradually by 1 percent each year, bringing it down to 15 percent by 2023," he said.

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